

To promote Christian ideals for agriculture and rural life; to interpret the spiritual and religious values which inhere in the processes of agriculture and the relationships of rural life; to magnify and dignify the rural church; to provide a means of fellowship and cooperation among rural agencies: *Toward a Christian Rural Civilization.*"

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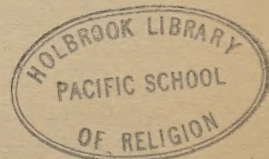
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ECONOMIC GROUPISM AND THE CHURCH

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The major economic problem in the United States today concerns maladjustments in the interoccupational distribution of incomes. Although problems of justice in distribution have long been with us, they have entered upon a new phase in the last twenty years. This new phase of the problem derives its major characteristics from the limitation of competition by organized groups.

This groupistic activity has resorted to means of controlling income distribution which have seriously reduced efficiency in production. The more powerful groups may have gained something, but the less well organized groups and the unorganized groups have lost heavily, both because their share has been reduced and because the productivity of the nation has been reduced. This new phase of our economic life, which has here been called groupism, manifests itself especially in the limitation of competition to control prices and wages.

The term "groupism" is here used to designate group activity directed toward securing a share of the national income which is more than commensurate with the services which the members of the group render to society. The term is not applied to group action in general but to those forms of group action by corporations, labor organizations, farmer organizations, bogus reformers and racketeers which are detrimental to the general welfare. This paper distinguishes between desirable and undesirable group activity, encouraging the one and discouraging the other.

With the growth of our national life, group action has more and more displaced individual action. During the early history of this country, economic relations were chiefly those of individuals. While these individuals were motivated by economic interest, their interrelations were personal and were tempered by religion and a sense of the brotherhood of man. Thus free enterprise, freedom of contract, freedom of speech, and the democratic form of

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government flourished; economic conflicts were relatively unimportant, and the distribution of wealth was reasonably just.

But with the evolution of the economic life of the nation, the organized group has more and more replaced the individual. In many lines of production and distribution it has become increasingly difficult for the individual enterprise to compete with the group or corporate enterprise. This is due in part to the greater efficiency of large-scale production, but also in part to the greater effectiveness of the large-scale organization in acquiring profits by the limitation of competition. In the adjustment of economic relations, the corporation has manifested too largely the characteristics of pure economic motivation, little restrained by those influences arising from close personal contacts with employees and customers and from religious motivations, which modify the economic motive in the individual economy.

Resistance to the power of the industrial corporation over its employees resulted in the organization of labor to protect its interests. Socially minded people favored the growth of labor organizations. The government has granted special privileges to labor with the hope of providing a means of insuring justice by balancing the power of organized capital with the power of organized labor. But organized labor has not limited the use of its power to the attaining of social justice. Organized labor, just like organized capital, tries to get all it can for itself, even at the expense of potential fellow workers as well as the members of other groups.

In overreaching the goals of efficiency in production and justice in distribution, capital and labor have produced an unbalanced distribution of the national income. The effectively organized groups have been able to demand too large a share and the unorganized elements have suffered. Farmers, unable individually to cope with this situation, have organized and have secured government aid in their struggle for a fair share in the national income. Thus the economic struggle in modern life has taken the form of intergroup conflicts.

These limitations in production in the interest of maintaining price scales and wage scales have hindered the free entry of capital and labor into production. High wages induce high prices; high prices reduce consumption; reduced consumption leads to a reduction in the employment of capital and labor in production. The application of the program of limitation of production to all fields brings idleness to much capital and labor and malnutrition and poverty to a large portion of the people. This is due not to the capitalistic system of free enterprise but to the paralyzing influence of groupism upon free enterprise. To solve our present economic problems we must eliminate the evils of groupism. A central problem is how to secure a balanced production of goods and services, and the exchange of these goods on a basis that will provide comparable real incomes for men of given skill and energy employed in different occupations.

Our major economic difficulties have arisen because of our failure to hold in mind the goal set up by the Constitution. Under the theory of our government, individuals and groups are protected in the exercise of many rights and privileges. In return they have many obligations to society. Every right granted to individuals or groups should promote action in harmony with the general welfare.

The use of capitalistic corporations, labor organizations or

organizations of farmers for private gain should be permitted in so far as their economic activity promotes the general welfare. When a great corporation, because of its size and corporate form, can produce goods or render services more efficiently, and provides these goods and services to the consumers at a correspondingly lower cost, the grant of corporate powers is justifiable. But when, and in so far as, this corporate power is used to acquire additional profits for its possessors without rendering additional services, its activities should be restricted. The question is: How can society secure the benefits of the corporate form of economic organization without suffering the losses due to the limitation of production?

All that has been said of capitalistic corporations applies to labor organization. The right of labor to bargain collectively for a fair wage and reasonable working conditions is generally conceded. On the other hand, the use of the power of the organization to secure for a privileged group better wages and working conditions than can be had generally by other workers of comparable skill and energy is harmful to the general welfare. Society looks upon unsocial action which reduces efficiency in production or unduly enhances costs to the consumers as bad, whether it be initiated by capitalists or by laborers.

Farmers and laborers have claimed exemption from laws which are intended to hold group action in line with the general welfare. They have endeavored to make a distinction between property rights and human rights and have argued that whereas capital-owning organizers and operators of business are rightly subject to public control as provided for in the anti-trust laws, agriculture and labor, because they sell their own labor or the products of their own labor, should be free to act in their own interest even in restraint of trade. That their exercise of "human rights" in restraint of trade deprives other people of their human rights, they have apparently overlooked.

In fact, in the intergroup struggle it would seem that laborers in particular have thought only of fighting capital, and have overlooked the effect of their action upon consumers and upon potential employees. The capitalists have usually been able to pass on to the consumer in the price of the goods any addition to wages of labor. This has been particularly easy where all the labor of a given line of production insists on the same wage rate and the same hours and working conditions in all plants owned by competing companies. Thus while labor organizations and the management of capital struggle over wage rates, the ultimate issue is between capital and labor on the one hand as producers and the general public on the other hand as consumers.

There is also another issue. When production is limited to the quantity of goods which will sell at the higher price, fewer people can be employed. Thus labor organizations, while helping some workers, may be damaging other potential workers and throwing a relief burden upon the public composed of the same people who pay the excessive prices.

It is socially desirable that farmers, industrial laborers and all other classes of working people have adequate incomes so that their standards of living may include all the advantages of modern civilization. To bring this to pass, every worker needs to produce more goods. When more goods of each kind are produced and an increasing variety of new kinds of goods and services are produced and exchanged on such a basis as will give all working people of comparable skill and energy fairly comparable real incomes, the well-being of the nation will be enhanced. On the other hand, when workers in one line of

production insist on compensation that is two or three times as high as can be given in other occupations, an adequate supply of the goods of that occupation cannot be purchased. The resulting unbalance in production and distribution is detrimental to society as a whole.

When the limitation of production in industry raises prices and creates an army of unemployed, the farmer suffers from the reduced demand for his products because of the low buying power of the unemployed. Because of the higher prices of the products of industry, he can buy less goods with the dollar he does receive. His first reaction is to ask the city industries to return to the system of free enterprise, produce competitively and efficiently, employ all workmen, produce more goods, and exchange them for more farm products. The strong resistance of both labor leaders and industrial management to this sound economic policy has resulted in the acceptance by farmers of the principle of restriction. With the help of the government, they have met with some success in the limitation of competition. They hope by this means to raise prices so that their products will exchange for city products on a fair basis.

Thus it has come to pass that the three groups, capital, labor and agriculture, are all striving to get better incomes by producing less. Since it is obviously impossible for society as a whole to get more by producing less, these restrictive programs are in conflict with the interests of society as a whole. Many of the wisest men in all groups see the fallacy of the present program of limitation of production, but say: "No one group can abandon the policy and turn to the economics of abundance unless the others do likewise." The obvious answer is that the groups should come to a mutual understanding of this problem and cooperate in abandoning the restrictive system and in restoring free enterprise, with capital, wage and price competition safeguarded in the general interest. Such cooperative action would restore full employment at increased average real wages for labor as a whole; it would put idle capital to work and allow the farmers to produce freely to their own advantage and to the advantage of all consumers.

The economic depression of the 1930's resulted largely from limitation of competition through the control of the flow of capital, labor and goods, with a view to maintaining wage rates and prices. The continued mass unemployment of that period was not due to overproduction resulting from mechanization; it was due to the limitation of competition. Many people would have liked to consume far more goods and wanted work in order to earn an income with which to buy more goods, but groupistic controls over capital and labor barred these people from normal activities in the economic life of the nation.

If there had been freer flow of labor, capital and goods, and if each able-bodied person had been free to work for himself or for what someone else could afford to pay, producing goods and services that someone wanted, labor might have been fully employed, the total production of goods greatly increased, the standards of living of the people raised, and the muscular and moral fiber of the people conserved.

But this was not possible because of the paralyzing influence of shortsighted groupism. Too often this unwise group action was aided and abetted by the government; in some cases its will was enforced by heavily armed racketeers. Public police power was at times overpowered by private police power, and anarchy prevailed. The government itself seemed by and large to move helplessly in whatever directions it was impelled by the pressure of selfish groups.

Social goals were forgotten by politicians who espoused class interests with a view to re-election. Human resources were tragically wasted. Mass poverty in the midst of plenty characterized the decade.

To solve this problem, balanced abundance through full employment must take the place of unbalanced scarcity and unemployment. To bring this to pass, selfish groupistic policies must be supplanted by statesman-like national policies. The only safe route is intergroup cooperation in formulating and effectuating national policies to replace separate, conflicting and paralyzing groupistic policies. If those in each group were all of one mind, enlightened self-interest should provide adequate motivation to accomplish this. But all are not of one mind. Under the present groupistic regime some individuals in each group are benefiting at the expense of many others of the same group. Those who benefit most, usually dominate the groupistic organizations. Not being imbued with the spirit of fair play within the group, they make intergroup cooperation difficult. The alternative to intergroup cooperation is the use of a strong hand by the government in promoting the general welfare by setting positive limits to the sphere of action of all organized groups. Under the former policy, freedom, restricted primarily by wise self-control, may be enjoyed. Under the latter, public control takes the place of self-control and freedom disappears. But if the government should fail of the strength to control the groups, failure of intergroup cooperation and self-control would mean intergroup warfare and ultimate disaster for all.

The major task is that of educating, democratizing and Christianizing the groups so that intergroup cooperation may succeed. An educational program will lead to a better understanding of our complex economic life. This educational program should promote the application of the principles of social justice to intra- as well as inter-group action. An effective educational program would promote intergroup cooperation and thus help restore the principles of free enterprise and parity of opportunity for those of equal skill and energy—essential principles of a democracy.

Economics, although providing an understanding of these problems, will not solve them. For their solution the people, as individuals and as groups, must have righteous attitudes and emotions which will make them desire and promote Christian principles in their economic relations with individuals, with groups and with society as a whole. This is fundamental to a sane national economy. It is essential to international peace.

The government, the greatest of cooperative undertakings, has important functions to perform in the economic life of the nation. First, it is the function of government to lay down the rules in accordance with which individuals or groups may carry on business, and then to provide the police power to insure the enforcement of the rules. These rules must be in the interest of society as a whole. Unfortunately the government, by participating in the groupistic fight on the various fronts, has become a part of the groupistic struggle and thereby weakened its position in performing its proper functions. Connivance between group leaders and politicians who disregard the public interest must be eradicated by an educated public opinion if the democratic form of government is to survive. But everything should not be left to the government. Every individual and every group must help if we are to solve this problem of maintaining efficiency and justice in our economic life without sacrificing freedom and democracy. The individual and the group must promote good citizenship both in government and in business.

The church, by tempering the leadership and the membership of all groups

can do much to eliminate the evils of groupism. But unfortunately churches, by taking sides in the intergroup struggle, have at times made the same mistake that the government has sometimes made. The churches can be helpful in the solution of this problem only by bringing their moral influence and their teaching to bear upon all groups alike, in order that group action may be divested of its narrow selfishness and become motivated by an interest in promoting the general welfare, which is at the same time the individual welfare of most of the people. The church can render its greatest service in this generation by preaching the gospel of the general welfare so vigorously that it will become dominant in the minds of all group leaders. Economists and ministers should work shoulder to shoulder to bring about this cooperation. Thus the problems of the groupistic regime could be solved without the dangers of anarchy on the one hand or of fascism on the other.

When economists who are thinking in terms of the general welfare and religious leaders who see beyond the confines of a given church in a given denomination learn to work together, the goals of human progress may be clarified, and activity promoted which will further the highest ideals of life. This refinement of human relations and the dynamics of vital Christian motivation will cure the ills of groupism and achieve a Christian civilization.

In spite of many discouraging elements in the situation, hopeful signs can be found. Leaders of many corporations have sought better public relations in recent years. This may open the way for intergroup discussions looking toward intergroup cooperation in promoting common interests. Labor leaders, counting upon the sympathy of the public for the working man, have gone too far in recent years in disregarding the consumer, and public opinion is beginning to demand of them more consideration of the public interest. Workers themselves have shown some tendency to rid their organizations of the worst elements in their leadership. The farm group, which has never been entirely convinced of the desirability of limiting production, will be ready to abandon the restrictive program at any time when capital and labor are ready to harmonize their group efforts with the general welfare.

Conditions like these give ground for the hope that progress may be made in the next few years in eradicating the evils without relinquishing the benefits of group action. This hope should encourage all to redouble their efforts to clarify the vision and motivate the action of all the people in the interest of the general welfare, to the end that efficiency in production may be accompanied by justice in distribution as the essential basis of a better life for all the people.